



# Australia: Tourism Industry to the U.S.

Monique Roos  
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## Summary

As a market for U.S. tourism, Australia is an important source of international visitors. Australia remains the sixth largest overseas market for visitors to the U.S. In 2006, Australian arrivals totaled a record 603,275 representing a 4 percent increase compared to 2005. This increase follows on strong double-digit growth in 2005. Out of the top eight overseas markets, Australia was one of only three markets to experience a growth in visitors to the U.S. In 2007, Australian travel to the U.S. will continue to increase and grow by 7 percent.

Australians generally stay longer and spend more money than other international visitors, making their impact on U.S. tourism even more significant. The Australian Dollar has experienced a significant appreciation against the U.S. Dollar and, with their stronger buying power, Australian travelers are seeing instant value.

## Market Demand

Australians have a great propensity for travel and receive four weeks of annual vacation per year. Australian travelers to the U.S. are characterized by long stays and high spending, and tend to travel during the off-season months of April, May, June, September and December.

The U.S. is the second most popular overseas destination for Australian travelers (after New Zealand), and the most popular long-haul destination. The long stays reflect the long distances for Australians traveling to the U.S. The average length of stay for Australians in the U.S. is 22 days, which is substantially higher than the average for all overseas visitors (16 days).

Most Australian travelers to the U.S. are FIT (independent) travelers, and in general, the Australian traveler is quite resilient. Australians are mostly flexible and adapt or change itineraries as required. Australians may change their travel plans in response to global incidents, but they do not stop traveling overseas.

In October 2007, the Australian Dollar rose to its highest level against the U.S. Dollar in 23 years, trading 18 percent higher than in October 2006. As a result of the stronger buying power of the Australian Dollar, a booming economy, and an increase in household wealth, more Australians than ever before are traveling overseas.

Qantas Airways has increased air capacity between the two countries by adding new flights. Additionally, Virgin Blue, the Australian subsidiary of Virgin Atlantic Airways, plans to launch flights between Australia and the U.S. in the latter part of 2008. The carrier will be known as V Australia.

## Market Data

Every week there are approximately 90 flights departing Australia for the U.S. Six major airlines serve this market – Qantas Airways, United Airlines, Air New Zealand, Hawaiian Airlines, Air Tahiti Nui, and Air Pacific. Qantas Airways is by far the dominant carrier on this route, followed by United Airlines.

The majority of Australian travelers to the U.S. are leisure travelers and visit for holiday purposes (48%). Visiting friends and relatives (VFR) was the second most popular reason for Australians to visit the U.S. in 2006 (26%).

### Trends in Arrivals from Australia

Year	Arrivals	% Change
2002	407,000	- 4%
2003	406,000	0%
2004	520,000	28%
2005	582,000	12%
2006	603,000	4%

Source: U.S. Department of Commerce, Office of Travel and Tourism Industries

### Most Popular Activities in the U.S.- 2006

1. Dining in Restaurants
2. Shopping
3. Sightseeing in Cities
4. Visit Historical Places
5. Visit Small Towns
6. Touring Countryside
7. Guided Tours
8. Cultural Heritage Sites
9. Art Gallery/Museum
10. Amusement/Theme Parks

Source: 2006 In Flight Survey, U.S. Department of Commerce, Office of Travel and Tourism Industries

The annual increase in the number of Australians traveling overseas echoes a decade long trend. In 2006, a record 4.9 million Australians traveled overseas for short-term visits, representing an increase of 80 percent compared to 1996. The most favored destination in 2006 was New Zealand followed by the U.S., and the U.K.

### Top Destinations for Australian Travelers - 2006

Country	Market Share
New Zealand	17.5%
United States	8.9%
United Kingdom	8.4%
Thailand	5.8%
China	5.1%

Source: Australian Bureau of Statistics, Overseas Arrivals and Departures, December 2006

## Best Prospects

The U.S. can offer Australian travelers what they seek in a vacation destination. With no language barriers, stunning scenery, good shopping, entertainment facilities, and a wide variety of things to do, the United States should be able to sustain the interest of Australian travelers in the long-term.

### Destinations

The most popular U.S. states visited by Australians include: California, New York, Nevada, Hawaii, Washington DC, Florida, Massachusetts, Illinois, Washington and Arizona.

The most popular U.S. cities visited include: New York City, Los Angeles, San Francisco, Las Vegas, Honolulu, Washington DC, Anaheim, Boston, Chicago and San Diego.

### Top States Visited – 2006

State	Market Share	Volume
California	47.4%	286,000
New York	47.0%	223,000

Source: U.S. Department of Commerce, Office of Travel and Tourism Industries

California is still the most visited State, followed closely by New York. Daily direct flights offered by Qantas Airways and the introduction of Sydney-Papeete-New York services by Air Tahiti Nui has increased the capacity between Australia and New York.

In previous years, Australians saved for one or two big trips to the United States. Tour Operators are now finding that many Australians are returning to the U.S. more frequently and visiting places like the National Parks and the Deep South. 'Triangle' itineraries from Anaheim/Los Angeles to Las Vegas (and the Grand Canyon) to San Francisco or Los Angeles remain popular. Australian cities are relatively small compared to other major cities around the world, and so Australians are interested in metropolitan experiences such as New York, Los Angeles, and San Francisco.

According to industry sources, approximately 38 percent of Australian travelers who enter the U.S. through the West Coast gateways of Honolulu, San Francisco and Los Angeles, travel beyond these gateways.

The entrance of Hawaiian Airlines into the market has resulted in increased competition among airlines and cheaper airfares. Hawaii has also experienced a resurgence of Australian visitors, with visitors to Hawaii rising steadily. Airlines flying between Australia and Hawaii include Qantas Airways, Hawaiian Airlines, Air Pacific, and Qantas Airways' budget airline subsidiary, Jetstar.

### Ski Holidays

Nearly 14 percent of the Australian population skis, a higher per capita participation rate than in Canada or the U.S. The number of Australians who prefer to ski overseas has grown markedly in the past few years. Colorado is one of the most popular destinations in the U.S., followed by Canada and Japan. With the strong Australian Dollar, this growth should continue into the 2007/2008 ski season and opportunities exist to further promote skiing holidays in the U.S.

Australia is an important market for U.S. ski resorts and ranks in the top three overseas markets for many major U.S. destination ski resorts. As long haul travelers, Australians tend to spend between 10-14 days on a ski holiday. Australian skiers either stay in one location for an extended amount of time, or will visit several different destinations on one trip.

U.S. Winter is a good time to attract Australian travelers to the U.S. as it corresponds to the Australian Summer when school holidays are longer. Notably, the average length of stay for Australians (24 days) does not vary significantly throughout the year.

### Baby Boomer Travel

The baby boom generation is a growing force in Australia's travel market. Australian baby boomers have money and time, and are willing to spend both on traveling. This Australian demographic is generally healthy and looks for wider experiences in their travels. The great outdoors is a big attraction, especially Alaska and itineraries that feature National Parks (such as the Grand Canyon, Bryce Canyon and Yellowstone). Baby boomers are looking for soft adventure travel but with the security of group travel, at an easy pace, and with all arrangements organized for them. A number of the travelers in this group are without a partner.

### Cruising

More Australians are participating in cruise holidays, with a record breaking 221,033 number of Australians taking a cruise in 2006, more than double the number in 2002. Cruising is becoming more popular with Australians and demand will continue to grow. Alaska remains a favorite destination, and cruises from Hawaii, Florida and out of Los Angeles to Mexico are also gaining popularity.

### Adventure Travel

Australians live in an active outdoors culture and interest in adventure travel is growing steadily amongst Australians. Specialist adventure travel operators report continual increases in demand. Some operators are promoting adventure travel through retail outdoor/camping stores so that travelers can research and book a holiday while shopping for camping equipment. More Australians are seeking to do more than just observe beautiful scenery and are seeking a physical interaction with the environment.

Adventure travel is no longer solely pursued by young travelers, and cashed-up baby boomers are also looking for hands-on experiential holidays. More Australians are seeking adventure travel opportunities and activity-based experiential product to fulfill physical and psychological challenges. Australians are typically traveling to the Himalayas, Southeast Asia, South America, Antarctica, and Africa for adventure holidays. With a growth in interest in adventure travel, there are opportunities to further promote adventure travel in the U.S.

### Shopping

The second most popular activity for Australians when they visit the U.S. is shopping. With the Australian Dollar trading at a favorable exchange rate, shopping in the U.S. is an increasingly attractive proposition and, accordingly, tour operators are releasing and packaging more shopping product.

### Sporting Holidays

Sport-loving Australians are increasingly combining their holidays around major sporting events. Greater media coverage of sporting events, higher disposable incomes and more affordable travel have all driven the growth in sports tourism in recent years. Australian travelers are combining attendance at a major sporting event with a visit to other parts of the U.S. Specialist operators selling sporting holiday are packaging U.S. events such as the Indianapolis 500, U.S. Tennis Open, and the U.S. Golf Masters.

## Market Entry

### Media

It is important that U.S. travel product suppliers and destinations advertise in local media or engage in cooperative advertising with local tour operators. Continual promotion in newspapers, magazines and other media outlets, will increase and stimulate interest in the U.S. as a travel destination. It is also recommended that destinations/travel product providers encourage Australian travel journalists to experience their destination/products through familiarization trips.

The major newspapers in Australia with popular weekly travel sections include: *The Sydney Morning Herald*, *The Daily Telegraph*, *The Sun-Herald*, *The Sunday Telegraph*, *The Age*, *Herald Sun*, *The Courier Mail*, and *Sunday Mail*. Popular travel magazines include: *Australian Gourmet Traveller*, *Vogue Entertaining & Travel*, and *Luxury Travel*.

Another important form of media is television. A number of prime time Australian television shows such as "The Great Outdoors" and "Getaway" feature overseas travel segments.

Promoting to the travel trade is also essential. There are a number of travel publications in Australia that are distributed to the travel trade. These travel publications regularly feature U.S. supplements, providing the destination or product supplier an opportunity to promote to Australian travel agents and tour operators.

### Travel Agents & Tour Operators

The Australian travel agent is very influential in the decision-making process and buying patterns of Australian travelers. Although the Internet is used extensively for conducting research, travel agents play a large role in assisting with international travel bookings, and especially when itineraries are complex.

The 2006 *In-Flight Survey* of Australian Travelers to the U.S. reported that 63 percent used their travel agent as a source of obtaining information on the U.S. for their trip, and 70 percent of travelers to the U.S. booked their trip through a travel agent.

#### Information Sources – 2006

Travel Agency	63%
Personal Computer	35%
Friends/Relatives	17%
Airlines Directly	17%

Source: 2006 In Flight Survey, U.S. Department of Commerce, Office of Travel and Tourism Industries

#### Means of Booking Air Trip - 2006

Travel Agent	70%
Personal Computer	11%
Airlines Directly	9%
Company Travel Dept.	6%

Source: 2006 In Flight Survey, U.S. Department of Commerce, Office of Travel and Tourism Industries

To be successful in the Australian market, it is important to:

- promote the destination/product directly to the consumer, thereby stimulating interest in the destination or product
- promote the destination/product to tour operators, making sure the destination/product is included in travel brochures

i. Tour Operators

America as a tourism product is important to the Australian travel industry. The largest tour operators selling FIT travel to the U.S. are: Qantas Holidays, United Vacations, Creative Holidays, Air New Zealand Holidays, Explore Holidays and Adventure World. There are also many smaller tour operators promoting U.S. holidays, some specializing in niche markets such as self-drive holidays.

In the past, most tour operators presented the U.S., Canada and Hawaii together in one brochure, but now as the Australian market has become more sophisticated and travelers seek more travel options, the larger tour operators are producing separate brochures each for the U.S., Canada and Hawaii. Items included in U.S. brochures include coach tours, hotels, car and motor home rental, self-drive holidays, mini stays, amusement/theme park passes, sightseeing tours, transfers, and air passes.

Australian tour operators release their U.S. brochures between October-February with brochure validity from April 1 - March 31. Many of the larger tour operators aim to have their brochures released before Christmas, while the smaller operators wait until January/February in order to gain a better insight into the currency exchange rate situation for the coming year.

ii. Travel Agents

There are approximately 2,300 retail travel agencies in Australia, many of which belong to nationwide retail chains specializing in leisure travel. The largest retail chains in Australia are Jetset Travelworld, Flight Centre, Harvey World Travel, and Travelscene American Express.

Travel agents and tour operators are key to promoting the U.S. as a travel destination to the Australian traveler. Travel arrangements are typically made through local travel agents that purchase U.S. travel products at competitive prices through tour operators. Although Australian travelers use the Internet to research their vacation plans, Australian travel agents and tour operators remain the main outlets for the sale of U.S. products to Australian travelers. According to industry figures, approximately 75 percent of Australians book their overseas holidays through a travel agent; however, agents become less important for short-haul overseas destinations and domestic holidays.

Distribution

The best way to obtain effective distribution is by appointing a representative to represent the destination or product/service provider in the market place. A representative can be either a marketing or public relations firm, or a tour operator. Australian travel agents like to have local contacts to assist with information and to handle bookings. Additionally, if financially viable, it is recommended that the destination or product/service provider participate in the annual Discover America Seminars organized by the See America Organization.

As tour operators and travel agents are very influential in the consumer's decision-making process, U.S. destinations and suppliers should seek to be included in tour operator brochures. Tour operators spend a large amount of money promoting the U.S. as a destination through their advertising, marketing and promotional activities.

## Internet

Australia is a mature online travel market and the Australian travel industry is a competitive online sector. However, the "click and mortar" approach is still prevalent in Australia where consumers are more comfortable with researching on-line but booking with an agent. Since travel from Australia to many destinations, due to the distances involved, can be quite complex and costly, consumers still want to communicate face-to-face with an agent.

Although travel agents are still the primary method of booking for international holidays, there is a slight downward tendency towards booking online. This is in contrast to domestic holidays where online is the predominant method for booking a trip.

Travel agents are also embracing the Internet and use the Internet to research travel destinations and make bookings. For long-haul travel, such as to the U.S., the Internet rather than replacing the "brick-and-mortar" travel agent, is complementing their operations.

Popular online travel sites include: Flight Centre, Wotif, Webjet, Lastminute, Expedia, Zuji, and travel.com.au.

## See America Organisation (Australia)

The See America Organisation (formerly known as the Visit USA Organisation) is recognized as the official USA tourism body in Australia. Membership of the Australian See America Organisation covers all aspects of the travel industry to include: airlines, cruise lines, accommodation, car rental, tour operators, marketing companies, travel agencies, and U.S. Convention and Visitor Bureaus. Funding for the organization is derived from annual membership subscriptions and donations. Participation fees for various activities fund promotions.

Since the formation of the See America Organisation in 1996, a variety of activities have been established to assist members in promoting the U.S. to both the travel industry and consumers. Members of the See America Organisation are involved in the on-going marketing of the U.S. to the Australian traveling public and retail sector.

The See America Organisation also coordinates the annual Australian delegation to Pow Wow. On average, 35 Australian Tour Operators and five Australian media representatives attend. Pow Wow is an excellent venue for U.S. destinations and product and service providers to make contact with the Australian travel industry.

## **Market Issues & Obstacles**

There are no barriers or obstacles for Australians to visit the U.S. In 1996, Australia was included in the Visa Waiver Pilot Program, allowing qualified Australian citizens to enter the U.S. as tourists for up to 90 days without a visa. Australia travelers to the U.S. have Machine Readable Passports (MRP) and Australia was one of the first countries worldwide to issue an ePassport that includes biometric information.

## **Trade Events**

The annual Discover America Seminars organized by the See America Organisation are conducted with the objectives of: 1) educating retail travel agents on exhibitor destinations and products; and 2) promoting travel from Australia to the U.S. by presenting information which ensures that retail travel agents are better equipped to increase travel sales to the U.S.

The annual seminars attract more than 1,000 travel agents and are an important promotional opportunity for both U.S. and Australian-based companies selling U.S. travel destinations and products.



Dates:

Discover America Seminars  
Sydney, Melbourne, & Brisbane  
February 25-28, 2008

Contact: Monique Roos, Commercial Specialist, U.S. Commercial Service  
Email: [Monique.Roos@mail.doc.gov](mailto:Monique.Roos@mail.doc.gov)

**Resources & Contacts**

U.S. destinations with representative offices in Australia are:

Alaska Travel Industry Association  
Level 5, 68 Alfred Street  
Milsons Point NSW 2061  
Tel: +61 2 9959 4042 Fax: +61 2 9929 4543  
Contact: Ms Leeanne Dyer, Representative Australia  
E-mail: [ldyer@integra-tm.com.au](mailto:ldyer@integra-tm.com.au)

Anaheim/Orange County Visitor & Convention Bureau  
Level 5, 68 Alfred Street  
Milsons Point NSW 2061  
Tel: +61 2 9959 4199 Fax: +61 2 9929 4543  
Contact: Ms Leeanne Dyer, Representative Australia  
E-mail: [ldyer@integra-tm.com.au](mailto:ldyer@integra-tm.com.au)

California Tourism  
32 Crown Street  
Woolloomooloo NSW 2011  
Tel: +61 2 9361 0660 Fax: +61 2 9356 2001  
Contact: Ms Francoise Legrand, Account Manager  
Email: [california@gate7.com.au](mailto:california@gate7.com.au)

Colorado Ski Country  
1 Bradly Avenue  
Kirribilli NSW 2061  
Tel: +61 2 9954 6600 Fax: +61 2 9954 6994  
Contact: Ms Leigh Maloney, Representative  
Email: [leigh@maloneycom.com.au](mailto:leigh@maloneycom.com.au)

Hawaii Tourism  
PO Box Q1348  
QVB PO, Sydney NSW 1230  
Tel: +61 2 9286 8936 Fax: +61 2 9266 0815  
Contact: Ms Helen Williams, Country Manager  
E-mail: [hwilliams@hawaiiitourism.com.au](mailto:hwilliams@hawaiiitourism.com.au)



Las Vegas Convention & Visitors Authority  
32 Crown Street  
Woolloomooloo NSW 2011  
Tel: +61 2 9361 0660 Fax: +61 2 9356 2001  
Contact: Ms Jessica Kanyaro, Account Manager  
Email: [lasvegas@gate7.com.au](mailto:lasvegas@gate7.com.au)

Los Angeles Convention & Visitors Bureau  
Level 5, 68 Alfred Street  
Milsons Point NSW 2061  
Tel: +61 2 9959 4199 Fax: +61 2 9929 4543  
Contact: Ms Leeanne Dyer, Representative Australia  
Email: [la@integra-tm.com.au](mailto:la@integra-tm.com.au)

San Francisco Convention & Visitors Bureau  
32 Crown Street  
Woolloomooloo NSW 2011  
Tel: +61 2 9361 0660 Fax: +61 2 9356 2001  
Contact: Ms Francoise Legrand, Account Manager  
Email: [sanfrancisco@gate7.com.au](mailto:sanfrancisco@gate7.com.au)

### For More Information

The U.S. Commercial Service in Sydney, Australia can be contacted via e-mail at: [Monique.Roos@mail.doc.gov](mailto:Monique.Roos@mail.doc.gov);  
Phone: +61 2 9373 9210; Fax: +61 2 9221 0573; or visit our website: [www.buyusa.gov/australia](http://www.buyusa.gov/australia).

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